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SOVIET INTRAPLANT PLANNING AND THE TECHNICAL, INDUSTRIAL, AND FINANCIAL PLAN OF AN ENTERPRISE

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The basic aims of intraplant planning are to insure the fulfillment and overfulfillment of the state plan according to all quantitative and qualitative indexes, to develop and utilize all internal reserves of the enterprise, to establish annual, quarterly, and monthly plan tasks and indexes for the separate sections of the enterprise as well as for the enterprise as a whole, to organize the fulfillment of the plan, and to promote the most advanced methods of labor and production including Stakhanovite effort, and socialist competition.

Intraplant planning includes the following: (1) formulation of the 5-year plans of the enterprise; (2) formulation of annual, quarterly, and monthly technical, industrial, and financial plans for the plant as a whole and for its shops; (3) organization of operational and industrial planning and regulation of production; (4) introduction of cost accounting; and (5) control and analysis of the work of the enterprise and all its component parts.

Intraplant planning consists of two interrelated parts: (1) technical and economic planning, and (2) operational and industrial planning.

The chief purpose of technical and economic planning is the formulation of the technical, industrial, and financial plan of the plant and its shops for a protracted period of time (5 years, one year, or 3 months), and also the planning and organization of all productive economic activity of the enterprise in accordance with the tasks set for it by the state plan.

The principal purpose of operational and industrial planning is a more precise and detailed development of technical and economic planning. It consists of the consolidation and realization of the production plan, which is the

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most important component of the technical, industrial, and financial plan, and the establishment of planned production goals for short time intervals (month, 10-day period, week, 24-hour period, shift, and hour) for shops, sections, brigades and individual workers. Operational and industrial planning also covers problems of enterprise management, including the establishment of well-coordinated and regulated working conditions and the operational preparation and regulation of production.

The technical, industrial, and financial plan is a highly developed, composite plan of the industrial, technical, economic and financial activity of an enterprise. It is based on the directives of the highest organs, which determine, in accordance with the national economic plan, the production tasks for every enterprise. The technical, industrial, and financial plan also determines the resources needed for the fulfillment of the state plan as well as the organizational and technical measures needed for the development and utilization of the internal reserves of the enterprise with the aim of exceeding the production program along all the quantitative and qualitative indexes.

The technical, industrial, and financial plan is formulated on the basis of progressive technical and economic norms with the active participation of the whole collective. In such a way, the technical industrial and financial plan becomes the basic plan for a socialist enterprise. It determines the quantitative and qualitative indexes of work for the enterprise as a whole as well as for its shops, sections, and brigades. The technical, industrial, and financial plan creates the most favorable conditions possible for including the entire collective in active participation in the management of production and the discovery and mobilization of all the available reserves necessary for further increase of production.

The technical, industrial, and financial plan of an enterprise is made up of the following basic parts: (1) the production plan, (2) the technical plan, (3) the plan of material and technical supply, (4) the labor plan, (5) the cost plan, (6) the financial plan, and (7) the organizational and technical plan.

The production plan comprises the production program and the plan for the complete utilization of productive capacity. The production program is the government's assignment to the enterprise of a quota for production of a specified type and quality. The quantitative indexes of the production program are determined by the assigned quotas for the output of gross and commodity production as well as its variety and quantity.

The qualitative indexes of the production program specify the established standards, technical conditions, and special requirements concerning the quality and grade of output. The variety and quantity assignment appears in the plan in the form of a list of products to be produced by various enterprises, in specified quantity.

Gross production represents the total volume of production of an enterprise. It is equal to the total output of all shops with the exception of that output which is reserved for internal production needs (output which undergoes further reprocessing at the given enterprise).

Commodity production represents the total output produced for sale. It includes all finished, and semifinished articles as well as all industrial work utilized outside the enterprise or in internal capital construction and repair and other unproductive internal needs completed during the planned period.

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There is a definite correlation between gross production and commodity production. Gross production is equal to commodity production plus or minus the change (increase or decrease) in the amount of incompleted production, semi-finished goods, and tools and appliances manufactured within the enterprise. Therefore, if the incompleted production increases, then the gross production will be greater than commodity production, and vice versa.

Both gross production and commodity production are evaluated in wholesale prices of the enterprise.

The indexes of commodity production and gross production characterize the manner in which the enterprise is carrying out its obligations to the state.

The data on commodity output forms the basis for the sales plan, determines the profitability of the enterprise, and enables the computation of costs, etc. On the other hand the needs of an enterprise for materials, fuel, electric power, number of workers and the size of the wage fund, production expenditures, working capital etc., are based on gross production data.

The production program specifies the requirements regarding the quality of production. All production turned out by any socialist enterprise must comply with government standards or specified technical conditions. It is the duty of every socialist enterprise to turn out high-quality output, decrease and completely eliminate spoilage, and increase the output of high-grade products.

In the formulation of the production program, the enterprise verifies its ability to handle the impending volume of work. For this purpose, a computation of its productive capacity is made, bottlenecks are exposed, and measures for their elimination are worked out.

The concept of productive capacity includes the maximum possible output of production by the given enterprise, shop, section, or aggregate, per unit of time, taking into account advanced technology, the optimum organization of labor and production, the application of progressive technical norms, the best utilization of equipment and other means of production, and also the training of personnel in production techniques and Stakhanovite methods of labor.

Productive capacity is expressed in units of measure such as pieces, tons, kilograms, meters, etc., of delivered output, and also in the amount of machine or norm hours of work.

The leading enterprises strive for steady increases in the productive capacity and in the output per unit of equipment and each square meter of production space. For example, at the Moscow Carburetor Plant, as a result of the introduction of a continuous method of production in machine and assembly shops, the outfitting of machine tools with more modern parts, the conversion of 70 percent of the metal-cutting machine tools to high-speed operations, the shortening of the length of the production cycle, the organization of work according to schedule, and other organizational and technical measures, the output per square meter of production space increased more than four times in the postwar years while the volume of production per unit of equipment increased three times.

The fundamental task of the technical plan is to insure uninterrupted technical progress at the given enterprise. The technical plan includes a plan for the introduction of new technology and the mechanization of labor, a plan for the technical preparation of production and the development of new products, and a plan for scientific research.

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The plan for the introduction of new technology and the mechanization of production includes a series of measures for the introduction of modern tools and other means of labor, and the mechanization of production and improvement of its technology.

The plan for technical preparation of production and the development of new products must specify the measures for the development of new and improved products. In addition, this plan specifies the stages of production preparations (designing, laboratory work, technological work, the time of completion, the executors of the plan, and the cost of individual work. In drawing up this plan every effort should be made to shorten the period of preparation of production and development of new products. The plan for scientific research determines the field, the completion date, and the cost of impending scientific research. The plan also designates the executors of the impending scientific research projects.

The plan of material and technical supply specifies the amount of raw materials, basic and secondary materials, semi-finished products, and fuel and electric power necessary for the fulfillment of the production program and the needs of auxiliary shops and industries. It also determines the sources of supply and the cooperative deliveries of material, the collection and utilization of production wastage, and the stockpiling of materials.

The plan of material and technical supply is based on progressive norms which guarantee a systematic reduction in the expenditure of material resources for each production operation as well as for the entire enterprise.

A balance sheet of material and technical supply correlates the material needs of an enterprise with the sources of supply. It determines the amount of materials to be delivered from outside sources and shows the sources, actual supply, and cooperative delivery of materials, as well as shortages or oversupply.

One of the most important sections of the technical industrial and financial plan is the labor plan. It includes the following: (1) the plan for increasing labor productivity, (2) an estimate of the size of the labor force, (3) a computation of the wage fund and the average wage for each worker category, (4) the plan for training and increasing the qualifications of personnel, (5) an estimate of additional needs for personnel and the sources of labor supply, and (6) the plan for cultural and social benefits for workers and employees.

The basic part of the labor plan deals with the increase in labor productivity. It specifies measures for the discovery and utilization of all reserves for the growth of labor productivity by means of further technical progress, mechanization of production, introduction of the latest methods of labor organization and production, the strengthening of labor discipline, and the steady development of socialist competition.

Worker lists are made up from the following categories: industrial and auxiliary workers, apprentices, engineers and technicians, employees, and junior service personnel. The wage fund and the average wage are then computed for these personnel categories. These computations determine the wage fund limit by shops, sections, and divisions of the plant. The computation of the average wage is guided by government and party directives on the theory that the rate of growth of labor productivity must overtake the rate of growth of the average wage, as one of the conditions for expanding socialist reproduction.

The plan for training and increasing the qualifications of personnel includes measures for training new workers and increasing the qualifications of workers, engineers, and technicians, and employees who already have work experience.

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The plan for cultural and social benefits for the workers of the enterprise is drawn up with wide participation of workers and employees, and party, union, and Komsomol organizations. It provides for lectures, workers' clubs, libraries, overnight sanatoriums, special dietary dining rooms, dispensaries, nurseries, kindergartens, and other social institutions.

The cost plan assumes an important place in the technical, industrial, and financial plan of an enterprise. The cost of industrial production is the basic qualitative index which characterizes the correct and rational utilization by the enterprise of material, monetary, and labor resources allocated to it by the socialist state for the fulfillment of the plan.

The cost plan determines the amount of expenditures for production and sale of output in a volume set by the production plan. It uncovers reserves for reducing costs, and specifies the manner in which these reserves must be utilized. This plan contains the following: an estimate of production expenditures (the cost of gross production), a calculated cost of individual products as well as total commodity production, an estimate of reducing costs of comparable commodity production, and estimates of indirect shop and over-all plant expenditures.

The estimate of production expenditures is formed from the ordinary expenditures, such as expenditures for raw materials, basic and secondary materials, fuel and electric power, wages (basic and supplementary) for all personnel, amortization of equipment, and other monetary expenditures. The estimate of production expenditures determines the cost of gross and commodity production.

The calculation of cost per each unit of output and for the entire commodity output, includes the following items: basic materials, secondary materials, fuel, power, wages of production workers, additional wage payments, operational expenditures, depreciation of special equipment and appliances, expenditures connected with the operation of equipment, general shop expenditures, general plant expenditures, and nonproductive (commercial) expenditures.

In planning the decrease in costs of comparable commodity production, the amount of the decrease in the various cost elements, as well as the over-all decrease in absolute figures and percentages, is determined.

The estimate of shop and over-all plant expenditures includes, besides a series of general production expenditures, indirect or overhead expenditures such as those incurred in the administration and general servicing of the enterprise and its shops. These expenditures are allocated not directly by norms, as are, for example, expenditures for materials, wages, etc., but indirectly, and in most cases in proportion to wages. The principal aim in the formulation of shop and over-all plant expenditure estimates, is to make them as small as possible.

The Moscow Pump Plant imeni Kalinin, for example, achieved significant successes in decreasing costs. Having received the assignment to decrease the cost of comparable commodity production by 13.2 percent, the plant in the first quarter of 1952 actually decreased costs by 15 percent and obtained an above-plan accumulation of 197,000 rubles more than originally planned. The decrease in costs was achieved by the following means: (1) increase in labor productivity of 17 percent, (2) fundamental changes in production technology, (3) application of continuous production methods, (4) a 14-percent decrease in rejects, (5) economy of materials, (6) improvement in the utilization of equipment, (7) a decrease in overhead expenditures, and (8) the development of competition in decreasing costs of production.

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The financial plan of an enterprise includes a plan for the sale of finished products, a profits plan, an estimate of normalized working capital necessary for the accomplishment of the enterprise's productive economic activity, and a composite balance of income and expenditures. It establishes the most optimum norms for supplies of working capital, including raw materials, basic and secondary materials, semifinished products, fuel stocks, unfinished products, and finished products stored in warehouses. It also establishes indexes of turnover of working capital. The basic task in planning the working capital is to insure an over-all acceleration of its turnover.

The financial plan also reflects any change in the amount of the fixed capital and determines the profitability of the enterprise. The most important component of the financial plan is the balance sheet of income and expenditures. It shows the total amount of future expenditures and the sources for meeting these expenditures. The financial plan contains not only the estimates for the utilization of the internal capital of the enterprise, but also a plan for short-term credit extended to the enterprise by the Gosbank. The interrelationship of the enterprise budget and the state budget is shown in detail in the financial plan. In the formulation and realization of the financial plan it is necessary to guarantee the proper functioning of financial and payment operations.

The organizational and technical plan specifies various measures for the fulfillment of the technical, industrial, and financial plan. These measures can be broken down into three groups as follows: (1) measures based on progressive technical and economic norms, (2) measures for improving the design, technological process, organization of labor and production etc., and (3) measures for the introduction of Stakhanovite methods of labor. This plan contains the organizational and technical measures which must be carried out in the forthcoming planning period and designates the executors of these measures, the completion date, and the cost of carrying out each measure together with the expected saving.

It is necessary that the entire collective of the enterprise participate in the formulation of the organizational and technical plan. All suggestions offered by the workers and employees in discussions of the projects of the plan must be carefully considered. The example of the Lyubertsy Agricultural Machine-Building Plant imeni Ukhtomskiy illustrates the success of such procedure. More than 120 production conferences were held in the formulation of the organizational and technical plan of that plant for the current year, with several thousand people taking part in discussions. Approximately 700 suggestions were offered. Many were included in the plan, resulting in great increases in productivity.

The work of drawing up the organizational and technical plan is carried out by special commissions in every shop and division. These commissions make up lists of workers' suggestions, and calculate the savings effected by the organizational and technical measures taken in the shops, striving to include them in the over-all plant plan. The over-all plant plan includes measures worked out by special brigades for the introduction of new technology, improvement of material and technical supply, etc., as well as the most important suggestions taken from the shop organizational and technical plans.

The government assignment, which specifies all the basic indexes of the productive and economic activity of the enterprise, provides the initial data for the formulation of the complete technical, industrial, and financial plan.

The drafting of the technical, industrial, and financial plan begins with a preliminary analysis of the report on the fulfillment of the technical, industrial, and financial plan of the current year and the planning of the production program of the enterprise and the basic quantitative and qualitative indexes of the plan. These drafts are then presented to the main administration or the ministry.

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After the enterprise receives its government assignment, the shops are given instructions on how to draft the technical, industrial, and financial plan. They determine the type and quantity of production in physical terms and in monetary value or norm-hours, the limit of incompleting production, limits of material and technical supply, the number of workers and the size of wage funds, and the task of increasing labor productivity and decreasing costs.

The drafting of the technical, industrial, and financial plan, based on these instructions, is then worked out in the shops. It begins with the formulation and consolidation of the shop plan for organizational and technical measures and a calculation of all quantitative and qualitative indices of the work of the shop.

After the consolidation of the shop plans, the over-all plant plan of organizational and technical measures is drawn up and a calculation of their economy effectiveness is made. On the basis of this data, calculated norms showing the effectiveness of the measures specified in the plan are established. Then, the over-all plant technical, industrial, and financial plan is compiled in accordance with the established form. The plan is next referred to the main administration or the ministry. The technical, industrial, and financial plans developed by the various enterprises are approved by the ministries not later than 2 months following the approval of the state national economic plan.

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